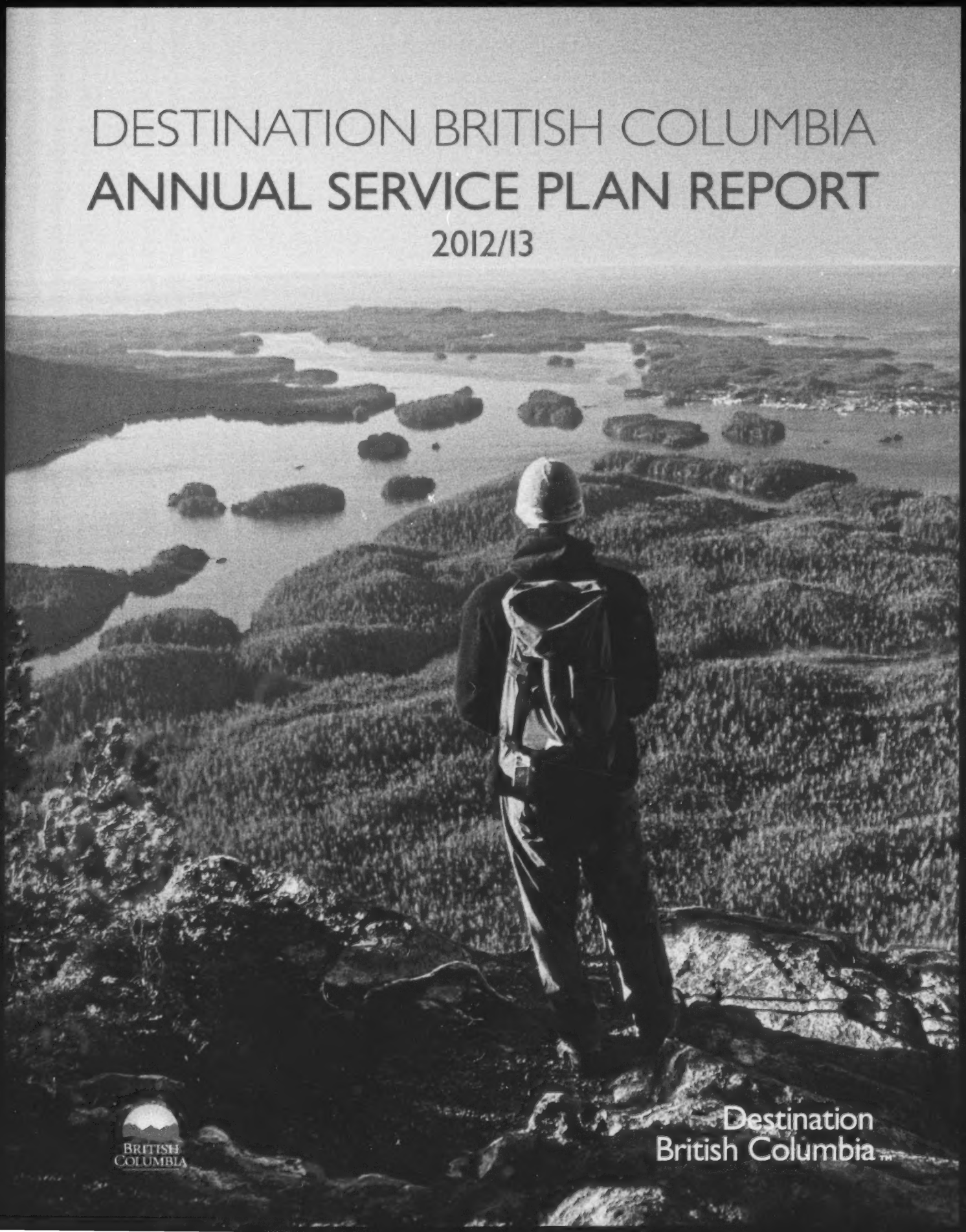
DESTINATION BRITISH COLUMBIA
ANNUAL SERVICE PLAN REPORT
2012/13



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Message from the Board Chair to the Minister Responsible

To the Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour:

On behalf of the Board of Directors of Destination British Columbia, I am pleased to present our 2012/13 Annual Report that outlines our achievements during fiscal 2012- 2013.

Destination British Columbia was established on November 2, 2012 under the British Columbia *Business Corporations Act* as the province's new provincial tourism marketing organization meeting the Provincial government's commitment to create an accountable, responsible, industry led, formula funded provincial tourism marketing agency.

On January 31, 2013 the Board of Directors was appointed and began the critical work required to establish a progressive and effective governance framework for the organization. The Board's mandate is to ensure that Destination British Columbia's planning, performance and reporting are supported by the provincial tourism community in order for the organization to take full advantage of the unparalleled tourism opportunities that lie ahead.

Destination British Columbia will perform a critical role in marketing British Columbia domestically, nationally and internationally as a coveted tourist destination. Destination British Columbia will promote the development, enhancement and growth of the tourism industry in B.C., providing advice and recommendations to the Minister responsible for tourism, while enhancing public awareness of tourism and its economic value to the province.

The *Destination BC Corp. Act* was brought into force in March 2013, continuing the Corporation as a statutory entity and establishing that Destination British Columbia will be funded in the future with a portion of provincial sales tax revenue. Destination British Columbia began operations on April 1, 2013 with the transfer of staff, assets and programs from the Tourism Division of the Ministry of Jobs, Tourism and Skills Training.

While Destination British Columbia is now operating with programs and resources at its disposal, our Board intends to take an appropriate amount of time to carefully plan for the successful sustainability of the organization. The first and most important order of business is to hire the right CEO for the job. Upon that success, we will dedicate ourselves to developing our Strategic Plan including a clear articulation of our Mission, Vision and Values that will steer the organization to a prosperous future. Our intention is to seek input and advice from all tourism stakeholders and to position programs and services in an effort to best serve the needs of the British Columbia tourism industry.

Tourism is a key sector driving economic growth and job creation for B.C.'s economy. The sector contributed $6.5 billion in real GDP to the provincial economy in 2011 and provided employment for nearly 127, 000 British Columbians, as well as enhancing the vibrancy of B.C.'s many communities and regions.

Message from the Board Chair to the Minister Responsible continued

Tourism is one of the world's fastest growing sectors with international travel expected to increase by over 50% between now and 2020. British Columbia's tourism sector needs to be well positioned to take advantage of this, as much of the growth is coming from the emerging economies of the Asia-Pacific. Our opportunity and our challenge is to work collaboratively and in alignment with all of B.C.'s tourism stakeholders to educate both current and potential visitors about the wealth of experiences that British Columbia has to offer, in an effort to make our story more compelling than that of our competitors.

Destination British Columbia is focused on achieving results — growing the sector through high impact, innovative and creative marketing, enhancing the visitor experience, developing and maintaining strong relationships with the tourism industry and managing the Corporation with accountability, efficiency and effectiveness.

The 2012/13 Destination British Columbia Annual Report was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*, and the BC Reporting Principles. The Board is accountable for the contents of the report, including what has been included in the report and how it has been reported.

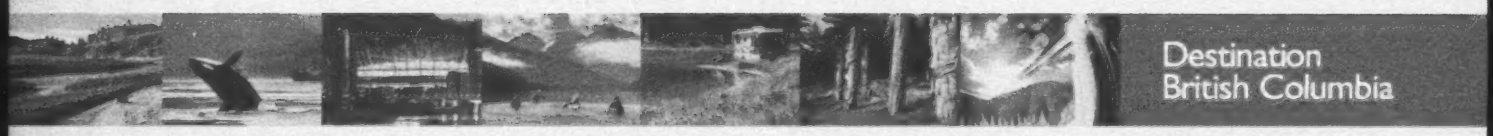
The information presented reflects the actual performance of Destination British Columbia for the period ended March 31, 2013.

All significant assumptions, policy decisions, events and identified risks as of May 30, 2013 have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management.

On behalf of the Board of Directors, I would like to thank management and staff for their contribution to the organization and its success.

Sincerely,

Andrea Shaw
Chair, Board of Directors



Organizational Overview

MANDATE

Established on November 2, 2012 under the British Columbia *Business Corporations Act* and continued as a statutory Crown corporation pursuant to the *Destination BC Corp. Act*, Destination BC Corp. is wholly owned by the Province of British Columbia.

Operating as Destination British Columbia, the new industry-led Crown corporation works collaboratively with tourism stakeholders across the province to coordinate tourism marketing at the international, provincial, regional and local levels. Destination British Columbia has a mandate to:

- Market British Columbia domestically, nationally and internationally as a tourist destination;
- Promote the development and growth of the tourism industry in British Columbia to increase revenue and employment in, and the economic benefits generated by, the industry, including, without limitation, by:
  - Providing support for regional, sectoral and community tourism marketing;
  - Providing industry leadership in tourism marketing;
  - Promoting training and development in relation to tourism marketing;
  - Providing support for visitor centres; and
  - Conducting tourism-related market research;
- Provide advice and recommendations to the Minister on tourism-related matters; and
- Enhance public awareness of tourism and its economic value to British Columbia.

Tourism is a key sector driving economic growth and job creation in British Columbia. The British Columbia tourism sector is primarily comprised of numerous small businesses dealing with thousands of consumers – some visiting just once in their lifetime, others travelling throughout British Columbia and visiting many times. Destination British Columbia's role is to provide a unifying brand for the tourism sector that can showcase British Columbia's competitive advantages and tourism products, motivating travellers from around the world to visit our province.

Organizational Overview continued

ORGANIZATIONAL STRUCTURE

As of April 1 2013, Destination British Columbia has approximately 130 staff positions, based mostly in B.C. (Vancouver and Victoria). The organization is multi-national, with in-market representation in the United Kingdom, Germany, Japan, Korea, China, and Australia. Offices in Japan and the United Kingdom are staffed with locally engaged employees; Destination British Columbia contracts with in-market representatives in other international offices.

The organization is currently structured in three functional areas of Tourism Marketing, Tourism Partnerships, and Research, Planning and Evaluation.

Tourism Marketing

The Tourism Marketing team deploys a combination of media relations, travel trade and consumer-direct marketing worldwide to motivate travel to British Columbia, increase provincial tourism revenues and encourage the geographic and seasonal distribution of visitors to, and within, British Columbia. Activities are designed to help move the consumer through the vacation planning and purchase process (from awareness, interest, and purchase, to recommendations and repeat purchase) with the goal of increasing demand for British Columbia as a preferred travel destination. The team includes staff dedicated to North America marketing, overseas marketing, eMarketing and marketing communications.

Tourism Partnerships

The Tourism Partnerships team focuses on supporting tourism businesses throughout British Columbia in a way that is inclusive of industry, and works to improve overall marketing effectiveness through cooperation and collaboration.

Program areas include Regional Partnerships, Aboriginal Tourism Partnerships, Community Partnerships and Sector Partnerships. These units leverage tourism investments and seek to encourage coordination and integration between industry-led marketing and Destination British Columbia tourism marketing programs.

The team also includes Visitor Services and Tourism Product Management staff, who connect visitors to travel information and individual tourism businesses, motivating visitors to extend their stay and travel to all regions of the province.

WorldHost® Training Services and Quality Assurance help to increase industry professionalism and address shortages in British Columbia's tourism workforce. The Tourism Partnerships team is also responsible for publishing *British Columbia Magazine*, which highlights tourism experiences in B.C.

Research, Planning and Evaluation

The Research, Planning and Evaluation team works to build a knowledge base that supports research driven decision-making and program evaluation by Destination British Columbia, community and sector organizations, tourism businesses and government. This includes analyzing tourism performance indicators, tracking tourism industry performance and communicating information on industry performance and trends to stakeholders.

The team partners with other federal, provincial and local agencies (the Canadian Tourism Commission, Parks Canada, Canadian Heritage, other provincial and territorial destination marketing organizations) on national and international visitor surveys.

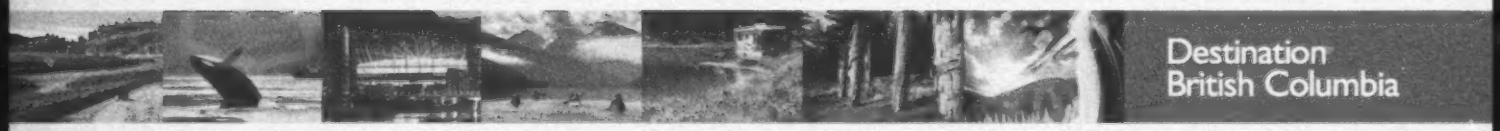
Additional information on Destination British Columbia can be found on its website at www.DestinationBC.ca.

ACCOUNTABILITY AND TRANSPARENCY

As a Crown corporation, Destination British Columbia is accountable to the taxpayers of British Columbia and operates in a manner consistent with the policies and directives of the Provincial Government. An annual *Government's Letter of Expectations* between Destination British Columbia and the Provincial government outlines these expectations. To learn more about the *Government's Letter of Expectations* for fiscal 2013/14, please visit: www.destinationbc.ca/getattachment/About-Us/DBC-GLE.pdf.aspx.

Destination British Columbia is also accountable to industry. A first step that Destination British Columbia is undertaking to facilitate this is to establish a Tourism Marketing Committee, comprised of tourism marketing experts from across B.C. that will provide input to the Board and the CEO on the development of tourism marketing strategies, tourism performance indicators, and on ways to encourage joint funding of marketing activities.

The Tourism Marketing Committee will include three individuals with tourism marketing expertise nominated by each of the six tourism regions in British Columbia, two Board members and will be chaired by the CEO.



Corporate Governance

Destination British Columbia reports to the Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour, and is governed by a Board of Directors comprised of nine private sector Directors appointed by the Lieutenant Governor in Council, based on recommendations from the tourism industry. Of the nine members, only four may be currently involved in the tourism sector.

The Directors are chosen on the basis of their experience and the expertise required on the Board, against a well-defined board skills matrix. The Board is responsible for providing leadership and strategic direction to Destination British Columbia and overseeing management in the conduct of the organization's business. This includes to:

- Set a vision and strategic direction and empowering management to pursue them;
- Ensure appropriate fiscal and management policies, controls and accountabilities are in place;
- Approve the annual budget and fiscal plan;
- Ensure appropriate risk-management measures are in place;
- Hold management accountable for defined performance measurements;
- Ensure effective use of resources;
- Develop strategies to engage and partner with key stakeholders in the marketing of tourism; and
- Report to government, stakeholders and the public.

The Board is guided by the standards, principles and disclosure requirements included in the Provincial Government's Best Practice Guidelines: *BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations*.

The Chair is responsible for the effective leadership and performance of the Board and is the liaison between the Board and the Minister responsible for tourism. The Chair works with the Chief Executive Officer (CEO) to ensure effective relations with tourism stakeholders and government.

Directors have a fiduciary duty to act in the best interests of Destination British Columbia. They are guided in fulfilling their mandate by Destination British Columbia's partners and stakeholders and, in particular, B.C.'s tourism industry.

Corporate Governance continued

DIRECTORS

Andrea Shaw (Chair)
Laird M. Miller (Vice-Chair)
Susan Tamiko Doi
Gordon Fitzpatrick
Chief Gibby Jacob
Wendy Lisogar-Cocchia
Loring Phinney
Robert Pratt
Alan Raine

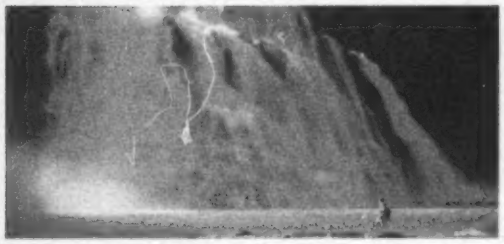
Each Director serves on one or more of four standing committees:

1. **Finance and Audit Committee**
   Committee Role: The Finance and Audit Committee assists the Board in fulfilling its oversight responsibilities related to internal controls, audit processes, compliance with laws, regulations and policies, risk management and other related financial management matters. The committee ensures that all necessary reporting is carried out in a timely manner.
   Chair: Laird Miller
   Members: Gordon Fitzpatrick and Robert Pratt
2. **Human Resources Committee**
   Committee Role: The Human Resource & Compensation Committee assists the Board in fulfilling its obligations relating to human resource and compensation issues. The committee maintains a focus on the performance and development of the CEO and on key strategic human resource priorities.
   Chair: Robert Pratt
   Members: Susan Doi, Gordon Fitzpatrick, Wendy Lisogar-Cocchia and Loring Phinney
3. **Governance Committee**
   Committee Role: The Governance Committee is responsible for ensuring that Destination British Columbia and its Board develop and implement an effective approach to corporate governance. This will enable the business and affairs of the organization to be carried out, directed and managed with the objective of ensuring compliance with governance practices and sound ethical principles.
   Chair: Susan Doi
   Members: Wendy Lisogar-Cocchia, Laird Miller and Alan Raine
4. **Tourism Marketing Committee**
   Committee Role: The Tourism Marketing Committee provides strategic advice to the Destination British Columbia Board and CEO related to:
   - Marketing strategies for the organization;
   - Performance metrics to track the success of the organization's tourism marketing activities, and the performance of the tourism sector; and
   - Ways to use Destination British Columbia funds to leverage private and public sector tourism marketing funds.

   Chair: CEO of Destination British Columbia
   Members: The Tourism Marketing Committee is comprised of 18 representatives—three nominated by each of the six Regional Destination Marketing Organizations—two Destination British Columbia Board members (Loring Phinney and Gordon Fitzpatrick) and the CEO.

The Board Chair is an ex-officio member of all committees. The Board has developed a Terms of Reference for each committee that can be viewed on the Destination British Columbia web site www.destinationbc.ca/About-Us/Board-of-Directors.aspx. The Board of Directors has established a robust meeting schedule for its first year of operations, meeting monthly, as has each Board committee.

Corporate Governance continued



GOVERNANCE PRINCIPLES

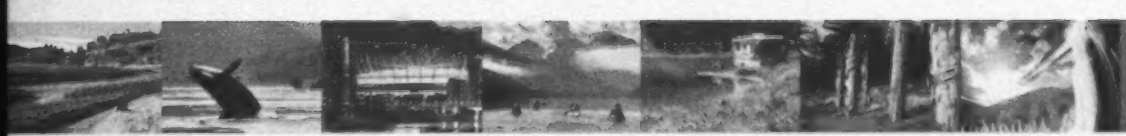
Destination British Columbia's governance principles are:

- Directors are independent of both government and Destination British Columbia management;
- Terms of reference clearly define chair, director and committee responsibilities;
- Oversight of management is meaningful;
- Board and employees follow a rigorous code of conduct;
- Governance improves continuously through professional development of directors and annual Board assessments; and
- Governance practices are transparent.

EXECUTIVE MANAGEMENT TEAM

Responsibility for day-to-day management of Destination British Columbia is delegated to the CEO. The CEO leads the organization in achieving the corporate goals and priorities set by the Board, establishes standards for organizational conduct and recommends new initiatives to the Board. Dana Hayden was appointed interim CEO in February 2013. Grant Mackay is Vice President, Operations.

The Destination British Columbia Board is in the process of recruiting a permanent CEO for the organization. After issuing a request for proposals, and receiving several from local and international search firms, the Board has chosen a firm to assist it in its permanent CEO recruitment. The Board is carefully developing its CEO profile to ensure that it selects an individual who has the vision and leadership skills to successfully inspire the Destination British Columbia team, be responsive to the needs of the Board, and who can work with British Columbia's numerous tourism stakeholders, partners and its shareholder. The Board anticipates that its permanent CEO will be selected in the fall of 2013.



Report on Performance

Destination British Columbia was established November 2, 2012 and operations began April 1, 2013. An abbreviated Service Plan was developed for 2013/14 to 2015/16 fiscal years that identified steady- state funding for the Corporation. That Service Plan did not articulate new programming given that the Board had just begun its work, and since staff and resources were not transferred to the organization until April 1, 2013.

Once the Board was established, it immediately began developing its governance framework and planning for operations, including the move of staff and the budget from the Ministry to the organization. The Board:

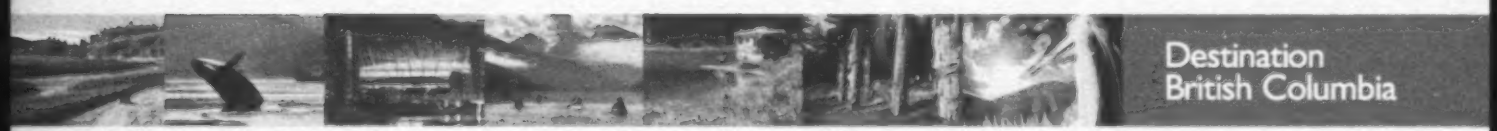
- Met with the Minister responsible for tourism to understand government's expectations, and received the *Government's Letter of Expectations*;
- Appointed its interim CEO;
- Established its committees and committee membership;
- Established the Terms of Reference for its committees, work plans and timelines for that work;
- Developed the Terms of Reference for the Tourism Marketing Committee in consultation with the Tourism Industry Association of B.C.'s Provincial Destination Marketing Organization Task Force, the Minister's Council on Tourism, and Regional Destination Marketing Organizations;
- Issued a request for proposals for a recruitment firm to conduct a CEO search, retained a firm and are now actively engaged in a search process;
- Met with stakeholders and communicated Destination British Columbia's activities and plans; and
- Began reviewing Destination British Columbia's existing programs and budget allocations.

For the fiscal year 2012/13, the Ministry of Jobs, Tourism and Skills Training was responsible for achieving government's tourism related goals, objectives, strategies and measures. Results of this work are reflected in the Annual Service Plan Report for the Ministry of Jobs, Tourism and Skills Training and Minister Responsible for Labour available at www.bcbudget.gov.bc.ca/2013/default.htm.

LOOKING FORWARD

Initial goals for Destination British Columbia are outlined in the inaugural Service Plan for the 2013/14 to 2015/16 fiscal years, along with the strategies identified to achieve these goals. These goals, objectives, strategies and measures will be refined during 2013/14 under the direction of the Board and CEO, with advice from the Tourism Marketing Committee, and modifications will be reflected in upcoming service plans.

The Provincial Tourism Strategy, Gaining the Edge, provides important context for Destination British Columbia's short and long-term tourism marketing strategies and decisions. The Board will undertake a strategic planning process once it has retained its permanent CEO and review and update its strategic plan. The strategic planning process will include working with government to develop key performance indicators that reflect the Corporation's operating performance and working with industry to develop performance measures and indicators that reflect tourism industry performance.



Government's Letter of Expectations

The *Government's Letter of Expectations* is an agreement between the Shareholder (the provincial government) and Destination British Columbia regarding respective roles, accountabilities, key governance issues, performance expectations, public policy issues and strategic priorities.

Destination British Columbia's first *Government's Letter of Expectations*, for the fiscal year 2013/14 can be found on the Destination British Columbia website at www.destinationbc.ca/getattachment/About-Us/DBC-GLE.pdf.aspx.

Destination British Columbia has been directed to take the following actions for 2013/14. Progress to date is indicated after each of the directives:

- Establish a Tourism Marketing Committee comprised of up to three representatives nominated by each of the six Regional Destination Marketing Organizations in B.C. The Board will establish a Tourism Marketing Committee to provide input on marketing priorities and tourism-related performance indicators;

  – The Board has established a terms of reference for the Tourism Marketing Committee, and has worked with the Regional Destination Marketing Organizations to coordinate a call for nominations. Nominations will be reviewed by the Board in June, and the Tourism Marketing Committee members are expected to be identified by July 2013.

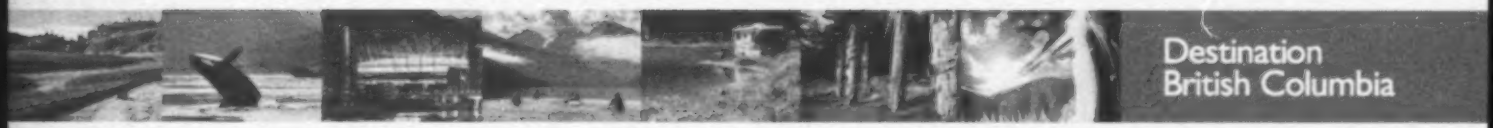
- Develop a three-year marketing plan aligned with Gaining the Edge – A Five-year Strategy for Tourism in British Columbia through consultation

with the Tourism Marketing Committee and report to the Minister responsible on progress by September 30, 2013;

  – The Board intends to undertake a strategic planning process once its permanent CEO is hired. Given the recruitment timeline, the strategic planning process will likely not take place until the fall of 2013.

- Leverage private sector and other government (e.g. federal and local) funds through the use of provincial funds to develop joint marketing campaigns that are co-funded by the private sector and/or other governments;

  – Destination British Columbia is working with regional and city destination marketing organizations and sector organizations to jointly market B.C. tourism opportunities, thereby leveraging provincial and private sector funds. Work to refine existing practices and leveraging opportunities will continue once Destination British Columbia has completed its initial strategic planning process, and once the Tourism Marketing Committee has had an opportunity to provide advice and recommendations to the Board and CEO.



Government's Letter of Expectations continued

- Work with government to develop key performance indicators that reflect the Corporation's performance;
  - Destination British Columbia will work with the provincial government during 2013/14 to establish corporate indicators.
- Work with industry to develop performance measures and indicators that reflect tourism industry performance and report to the Minister responsible on progress in establishing measures by September 2013;
  - The Tourism Marketing Committee will play an important role in advising the Board and CEO on tourism performance measures. The Tourism Marketing Committee will begin its work in the summer of 2013.
- Develop and publish contracts with Regional Destination Marketing Organizations (RDMO) that include clearly specified deliverables and performance measures upon which funding is predicated;
  - The current RDMO contracts are available on Destination British Columbia's corporate website. These contracts may be amended after Destination British Columbia has concluded its strategic planning process.
- Receive corporate and legal services for 2013/14 exclusively from the Ministry responsible, the BC Public Service Agency, Legal Services Branch of the Ministry of Justice and Shared Services BC under Service Level Agreements with the Ministry responsible and Legal Services Branch; and
  - Services are being received from the government organizations identified.
- Review the Corporation's corporate and legal services requirements during 2013/14 to identify and present to the Ministry responsible, by November 2013, efficient, effective and cost effective options for the provision of these services in future years.
  - Destination British Columbia is planning to review its requirements in the fall of 2013.

Financial Report

MANAGEMENT DISCUSSION AND ANALYSIS

Destination British Columbia operations commenced April 1, 2013. During the 2012/13 fiscal year, Destination British Columbia was provided with a grant of $3.8 million to enable the Corporation to purchase tourism related assets from government and to fund needed system upgrades in 2013/14 and the following year. The grant receivable was partially settled by the subsequent transfer of assets ($2 million) from government effective April 1, 2013, leaving the balance of $1.8 million due from government. In addition, the Notes to the Financial Statements disclose the subsequent event of the commencement of operations, by recognizing various account balances transferring to the Corporation from government effective April 1, 2013, and the fact that Destination British Columbia assumes responsibility for a significant number of tourism-related contracts, with a total commitment value of $50.2 million.

FUTURE OUTLOOK

For the first year of operations in 2013/14, Destination British Columbia will receive, under an agreement, the full funding that government used for tourism activities in 2012/13. Destination British Columbia's budget for 2013/14 includes government transfers totalling $48.89 million, as detailed in its Service Plan. In addition, the Corporation will generate revenue totalling an estimated $3.5 million from its own activities such as publication advertising and listing revenue, *British Columbia Magazine* subscriptions and advertising revenue, and other miscellaneous sources.

Corporate services related to human resources, financial services, facilities and property management, information management/information technology services, legal and logistics, and business services will be provided in 2013/14 under a Service Level Agreement between Destination British Columbia, the Ministry of Jobs, Tourism and Skills Training, Shared Services BC and the Public Service Agency, and under a separate agreement with the Ministry of Justice for legal services.

INFORMATION ON SUBSIDIARIES AND OPERATING SEGMENTS

Destination British Columbia did not have any subsidiaries or operating segments during 2012/13.

Destination BC Corp.

Management's Responsibility for the Financial Statements

The financial statements of Destination BC Corp. for the period from November 2, 2012 to March 31, 2013 have been prepared by management in accordance with Canadian generally accepted accounting principles for the public sector. Management is responsible for the preparation of the financial statements and for the integrity and objectivity of the information contained therein. This includes ensuring that the notes to the financial statements are consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements.

Management is also responsible for established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and financial records provide reliable information for the preparation of financial statements.

The Destination BC Corp. Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board and its Finance and Audit Committee. Significant financial reporting or internal control matters are discussed by the Board and its Finance and Audit Committee prior to their approval of the corporation's financial statements.

The external auditors, the Auditor General of British Columbia, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements of Destination BC Corp. The external auditors have full and free access to financial management of Destination BC Corp. and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements of Destination BC Corp.

On behalf of Destination BC Corp.

Dana Hayden
Chief Executive Officer
Destination BC Corp.

Alex Mackie, CA
Acting Chief Financial Officer
Destination BC Corp.

Victoria, British Columbia
May 21, 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Destination BC, and
To the Minister of Jobs, Tourism and Skills Training, Province of British Columbia

I have audited the accompanying financial statements of Destination BC ("the entity"), which comprise the statement of financial position as at March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Destination BC as at March 31, 2013, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Victoria, British Columbia
May 21, 2013

Russ Jones, MBA, CA
Acting Auditor General

FISCAL 2012/13 FINANCIAL RESULTS

Statement of Financial Position
March 31, 2013

	Note	($000s)
Financial Assets		
Due from Ministry of Jobs, Tourism and Skills Training		3,779
		3,779
Liabilities		
Deferred Contribution	3	3,800
		3,800
Net Financial Assets (Debt)		(21)
Non-Financial Assets		
Prepaid Expenses	4	21
		21
Accumulated Surplus		–

Notes to the Financial Statements

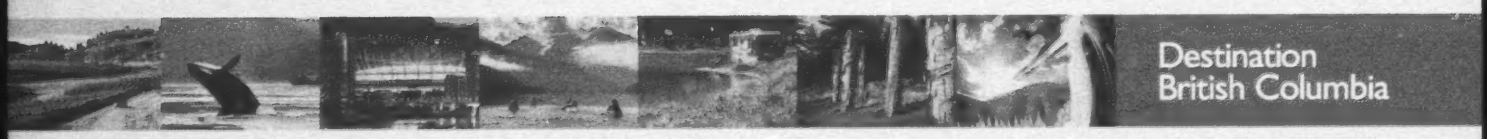
For the period November 2, 2012 to March, 31, 2013

1. Authority and Purpose

Established on November 2, 2012 under the *British Columbia Business Corporations Act* and continued as a statutory Crown corporation pursuant to the *Destination BC Corp. Act*, Destination BC Corp. is wholly owned by the Province of British Columbia.

Operating as Destination British Columbia, the new industry-led Crown corporation works collaboratively with tourism stakeholders across the province to coordinate tourism marketing at the international, provincial, regional and local levels. Destination British Columbia has a mandate to:

- Market British Columbia domestically, nationally and internationally as a tourist destination;



- Promote the development and growth of the tourism industry in British Columbia to increase revenue and employment in, and the economic benefits generated by, the industry, including, without limitation, by:
  - Providing support for regional, sectoral and community tourism marketing;
  - Providing industry leadership in tourism marketing;
  - Promoting training and development in relation to tourism marketing;
  - Providing support for visitor centres; and
  - Conducting tourism-related market research;
- Provide advice and recommendations to the Minister on tourism-related matters; and
- Enhance public awareness of tourism and its economic value to British Columbia.

The Corporation commenced operations on April 1, 2013. The Corporation is exempt from federal and provincial income taxes but is subject to the Federal Goods and Services Tax and Provincial Sales Tax.

2. Significant Accounting Policies

a) Basis of Accounting

These financial statements are prepared by management in accordance with generally accepted accounting principles established by the Canadian Public Sector Accounting Board.

b) Deferred Contribution

Capital contributions from the Province are recorded as deferred contribution and are recognized as revenue to match the amortization charged on the related capital assets.

c) Financial Instruments

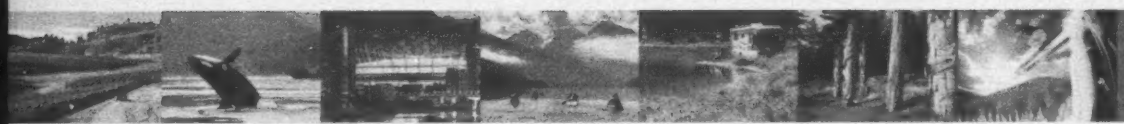
Destination BC Corp. held no financial instruments at March 31, 2013 and therefore has not yet applied its option for valuing financial instruments.

3. Deferred Contribution

The deferred contribution consists of a capital contribution from the Province of British Columbia for the purposes of acquiring capital assets.

4. Prepaid Expenses

Prepaid expenses represent payments made prior to April 1, 2013 by the Ministry of Jobs, Tourism and Skills Training on behalf of Destination BC Corp. related to activities in the fiscal year ended March 31, 2014.



5. Related Parties

Destination BC Corp. is related through common ownership to all Province of British Columbia ministries, agencies, Crown corporations and all public sector organizations such as school districts, colleges, universities and health authorities that are included in the provincial government reporting entity.

The Corporation had the following transactions with related parties during the fiscal period ended March 31, 2013:

	$000
Ministry of Jobs, Tourism and Skills Training:	
Deferred contribution	3,800
Prepaid expenses paid on behalf of the Corporation	21

In addition, the ministry paid $1,935 for Board expenses on behalf of the Corporation as it was not yet operational.

6. Commitments

At March 31, 2013, Destination BC Corp. had no commitments. Effective April 1, 2013, the Corporation assumed responsibility for various agreements and contracts from the Ministry of Jobs, Tourism and Skills Training. The total of these was $43.1 million. A further $7 million of new and amended contracts became operational effective that date.

These establish commitments as follows:

	2013/14	2014/15	2015/16	2016/17	2017/18 and after	Total
Contracts	31,369,486	13,867,619	4,522,369			49,759,474
Lease	107,422	111,939	62,261	57,745	81,805	421,172
Total	31,476,908	13,979,558	4,584,630	57,745	81,805	50,180,646

7. Subsequent Event

Effective April 1, 2013, as Destination BC Corp. commenced operations, the following balances were transferred into the Corporation from the Ministry of Jobs, Tourism and Skills Training:

	$000
Cash and Bank	555
Accounts receivable	480
Security deposits and other assets	58
Capital assets (Net Book Value)	1,986
Deferred revenue	(1,212)
Total	1,867

These balances were offset by a net reduction in the amount due from the Ministry of Jobs, Tourism and Skills Training for the total amount. In addition, effective April 1, 2013, the Public Service Agency transferred the balance of leave liability related to staff working for the Corporation in the amount of $289,000. A corresponding receivable from the Agency was set-up in Destination BC Corp.'s records.

8. Statements of Operations, Changes in Net Financial Assets, and Cash Flows

Statements of Operations, Changes in Net Financial Assets, and Cash Flows are not included in these financial statements as there were no operations during the period and they do not add any meaningful information.

9. Comparative Figures

As this was the first period for the Corporation, no comparative figures are available.

Contact Information

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